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DD/S

Approved For Release 2001/09/07 : CIA-RDP80-01370R000200010041-4

53-4150

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16 OCT 1958

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT: Use of Confidential Funds to Pay Agency Employees

REFERENCE: Regulation [REDACTED] Confidential Funds

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This memorandum contains recommendations submitted for DD/S approval. Each recommendation is contained in paragraph 6.

1. PROBLEM:

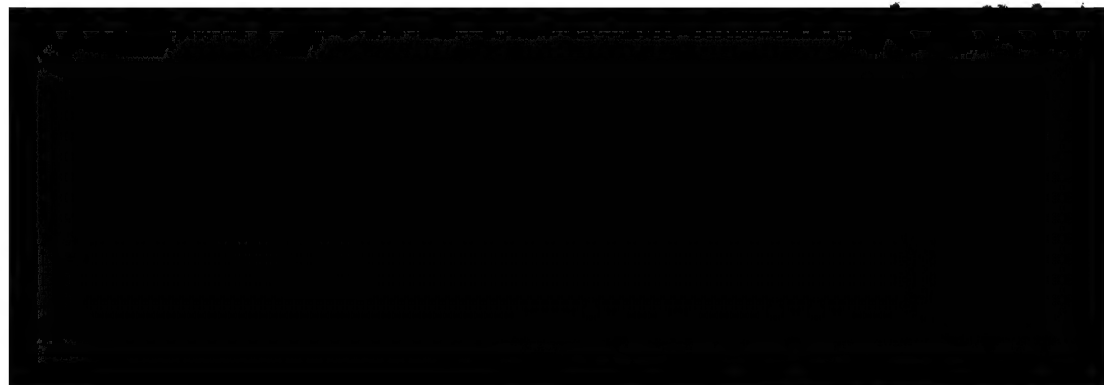
Determine whether employees of the Office of Training now paid from confidential funds can be paid from vouchered funds without adversely affecting security and cover.

2. FACTS BEARING ON THE PROBLEM:

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- a. There are [REDACTED] confidential funds positions on the Office of Training T/O (as of 26 Sept. 58). These positions are:

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- b. The [REDACTED] payroll was transferred from confidential funds to vouchered funds effective 18 December 1955.

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- c. The [REDACTED] payroll was transferred from confidential funds to vouchered funds effective 1 July 1956.

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- d. Agency policy concerning the use of funds is that vouchered funds are to be used insofar as operational security and the requirements of operations will permit. Confidential funds are to be used for the support of strictly covert operations and for extraordinary or emergency requirements, where the nature of CIA activities preclude compliance with other statutes and procedures and normal government audit (Reference above).

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4. DISCUSSION:

- a. Representatives of the Office of Comptroller, Office of Security, and Central Cover Division have reviewed the situation, taking into consideration Agency policy concerning the use of funds, and agree that all Office of Training positions with the exception of the 37 positions listed below can be paid from vouchered funds without disturbing the security and cover of the Agency and [REDACTED] personnel utilizing its services. These positions are:

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- (1) The 10 Junior Officer Trainee Corps positions provided for personnel who are to be maintained in a covert status.
- (2) The 26 Covert Training positions provided for personnel who conduct deep cover agent training.
- (3) The one School of International Commission position (Chief of School) which the Inspector General requests be paid from confidential funds while filled by the present incumbent.

- b. The individuals transferred to vouchered funds will still be properly protected cover-wise through such devices as the customary arrangement for denial of Agency employment in the event of inquiry at Headquarters.

- c. Since the Agency presently reimburses the parent service for the [REDACTED] military positions at [REDACTED] from vouchered funds there is no reason for carrying these positions on the confidential funds T/O or for obligating them on confidential funds.

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- d. The procedure to be applied to the payment of local hire positions would be to pay by cash and/or special project check issued at [REDACTED], with payroll and leave records maintained at [REDACTED]. Necessary summaries for such payrolls would be provided to Fiscal Division at Headquarters. Administrative and faculty and assessment and evaluation positions would be payrolled by Fiscal Division with Treasury checks issued at Headquarters. The Treasury checks used for vouchered funds payrolls are no more transmittable to the Agency than are confidential funds Treasury checks currently in use.

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- e. The Chief, Technical Accounting Staff has determined that a payroll conversion from confidential funds to vouchered funds is feasible, however, the specific detailed procedures remain to be developed. The Office of Personnel will have to process personnel actions and adjust the T/O.

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5. CONCLUSIONS:

- a. Positions of the Office of Training totaling [REDACTED] now paid from confidential funds can be paid from vouchered funds without adversely affecting security and cover. 25X9A2
- b. The [REDACTED] military positions now paid from vouchered funds should be obligated on vouchered funds and shown on the vouchered funds T/O. 25X9A2

6. RECOMMENDATIONS:

It is recommended that you approve the following:

- a. That the Comptroller transfer the [REDACTED] positions listed in the first three categories of paragraph 3. a., above, from confidential to vouchered funds for payroll purposes. 25X9A2
- b. That the Comptroller obligate the [REDACTED] military positions on vouchered funds. 25X9A2
- c. That the Director of Personnel revise the T/O, transferring [REDACTED] positions from confidential funds to vouchered funds, effective as of the same date as the above actions. 25X9A2

Signed

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SUBJECT: Use of Confidential Funds to Pay Agency Employees

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(S)

[Redacted]

Director of Training

20 Oct '58
Date

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(S)

[Redacted]

Chief, Central Cover Division

20 Oct '58
Date

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(S)

[Redacted]

Comptroller

Acting

22 Oct '58
Date

(S)

Gordon M. Stewart

Director of Personnel

21 Oct '58
Date

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(S)

[Redacted]

Director of Security

22 Oct '58
Date

The recommendations in paragraph 6 are approved:

Date: OCT 29 1958

(signed) H. Gates Lloyd

for L. K. White
Deputy Director
(Support)

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